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MAR. 9, P. M.

THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. BAE FEBRUARY 1953

Approved by the Outlook and Situation Board, February 27, 1953

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SUMMARY

Farm product prices eased off a little more in January and February following the rapid decline from August to December last year. Large supplies and a reduced export market remain the principal factors in the decline. Prices paid for goods and services purchased by farmers (commodities, interest, taxes, and wages) slid off 2 points to 280 (1910-14=100) reflecting primarily lower prices for feed, feeder cattle, and food. With the prices received index off a little more than the parity index, the parity ratio declined 1 point to 94 in mid-February, the lowest since June 1941.

Most of the moderate decline in farm product prices since mid-January reflected lower prices for cattle, eggs, milk, potatoes and grains. These declines were partly offset by higher prices for hogs and cotton. The fall in prices of farm products since mid-1952 and continued high prices for most farm production items are exerting a squeeze on farmers' income.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951	1952				1953
		Year	Jan.	Oct.	Nov.	Dec.	Jan.
Industrial production 1/							
Total	1935-39=100	220	221	229	234	235	237
All manufacturers	do.	229	231	241	245	247	250
Durable goods	do.	273	282	299	304	314	317
Nondurable goods	do.	194	189	195	197	193	196
Minerals	do.	164	167	164	171	168	165
Construction activity 1/ #							
Contracts, total	1947-49=100	171	161	210	196	205	192p
Contracts, residential	do.	170	142	185	178	183	184p
Wholesale prices 2/							
All commodities	1947-49=100	115	113	111	111	110	110
All commodities except farm and food	do.	116	114	113	113	113	113
Farm products	do.	113	110	105	104	99	100
Processed foods	do.	111	110	108	108	104	106
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	302	300	282	277	269	267
Prices paid, interest, taxes, and wage rates	do.	281	287	282	281	280	282
Parity ratio	do.	107	105	100	99	96	95
Consumers' price 2/ 4/ #							
Total	1947-49=100	111	113	114	114	114	114
Food	do.	113	115	115	115	114	113
Income							
Nonagricultural payments 5/	Bil. dol.	233.6	241.7	255.4	255.7	258.0	
Production worker pay rolls 2/ #	1947-49=100	129	130	144	145	149	
Weekly earnings of production workers 2/							
All manufacturing	Dollars	64.88	66.91	70.59	70.78	72.40	71.27
Durable goods	do.	69.97	72.15	76.72	76.82	78.70	77.32
Nondurable goods	do.	58.50	60.04	62.47	62.83	63.67	62.80
Employment							
Total civilian 6/	Millions	61.0	59.7	61.9	62.2	61.5	60.5
Nonagricultural 6/	do.	54.0	53.5	54.6	55.5	55.8	55.1
Agricultural 6/	do.	7.0	6.2	7.3	6.8	5.7	5.4
Government finance (Federal) 7/	Million dollars						
Income, cash operating	dollars	4,945	5,183	3,418	4,997		
Outgo, cash operating	do.	4,836	5,473	6,514	5,558		
Net cash operating income or outgo	do.	+109	-290	-3,097	-561		

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury.
Data for 1951 are on average monthly basis.
Revised series. p= Preliminary.

For the economy as a whole, high employment and rising wage rates are contributing to record income payments to consumers. Total retail sales in January were off only slightly from December after adjustment for seasonal differences. Automobile purchases, following the introduction of new models, rose further in early 1953. Sales of apparel and other non-durable goods declined.

Business prospects appear generally optimistic for the next several months. Investment intentions and construction prospects point to a continued high level of economic activity. Defense demands on the economy also are expected to rise somewhat more. Industrial production continues near the plateau reached in November after the sharp rise following the steel strike in 1952. Output of cars and trucks in January was more than 50 percent larger than a year earlier. Demand for steel is strong and mills were operating near capacity levels in January and early February.

Although domestic demand and economic activity are at record levels, production of goods and services has expanded rapidly enough to result in fairly stable prices for most industrial products. These prices both at wholesale and retail have been steady over the past 4 months at levels only slightly below a year earlier. Most of the decline in average wholesale prices of all commodities over the past several months has been due to lower prices for farm products. Recent decontrol actions have removed ceilings from most commodities and services. Price increases have been reported for a few commodities such as copper, cigarettes, rice, and gasoline in some areas.

Commodity Highlights

The sharp downtrend in meat animal prices, which largely reflected increased marketings, carried prices of all meat animals except hogs to pre-Korea levels. Unless dry weather forces greatly increased marketings of cattle, there is a good possibility for more stability in prices the rest of the year. Prices of hogs will likely average above last year; those of cattle and sheep will likely level out, with a small seasonal rise this spring for cattle to go on grass and some recovery in prices of fed cattle when the biggest surge in marketings is over. Milk production increased to a new record high annual rate of 123 billion pounds in December and was only slightly lower in January. As a result prices have declined more than usual for the season. With a strong demand and a prospective decreased supply, egg prices through the first 6 months of 1953 are likely to average higher than a year earlier. Prices of edible vegetable oils were slightly lower in February than the month before, while the price of lard tended upward from the 11-year low of January. Prices of feed grains declined in late January and early February, reaching the lowest level for the current season. January 1 stocks of feed grains per animal unit were nearly 6 percent larger than a year earlier, and utilization during the remainder of the 1952-53 season probably will be a little smaller than last year. The large quantities of wheat placed under the support programs have reduced the supply of wheat available for sale, and as a result cash prices are expected to rise above current levels during the next few months. Prices that growers will

receive for apples, oranges, and grapefruit in March and April probably will average higher than February and are expected to continue above a year earlier. Because of increased supplies, prices for fresh vegetables in the first quarter of 1953 will be generally lower than a year earlier, despite the continued strong demand. Stocks of commercially processed vegetables are generally adequate to meet demand with little change in price expected until the 1953 packs become available. With larger supplies of potatoes in prospect, prices for the 1953 potato crop will be lower than were received for the 1952 crop. Spot market prices for cotton have leveled off at about 32.5 to 33 cents per pound, after a steady decline during the first 5½ months of the 1952-53 crop year. Exports of cotton from August through December were only about one-half those of the same period of the previous year. With strengthened demand and increasing world consumption, prices of wool abroad have trended upward since last March. Boston quotations for domestic wools have reflected, to some extent, the advances abroad. Cigarette manufacture in 1952 was a record, and a high level of consumption is expected to continue in 1953. However, tobacco exports in 1952 were down 24 percent from 1951 and the lowest since 1944.

GENERAL BUSINESS CONDITIONS

Economic activity was at record levels in the early weeks of 1953. Most indicators were off seasonally from late 1952 but sales, business investment, industrial production, construction activity, employment and income continued at or near record levels for January. Moreover, business prospects appear generally optimistic for the next several months. Business investment intentions and construction prospects pointed to a continued high level of economic activity. Defense demands on the economy are expected to rise somewhat more. Average wholesale prices continue to ease off slowly with most of the weakness in agricultural products.

Demand For Goods and Services

High employment and rising wage rates have contributed to record income payments to consumers. In addition to higher incomes, consumer demand has been bolstered by an expansion in credit buying of many consumer goods in recent months.

Retail buying during the Christmas season was at record rates, about 10 percent above December 1951. But total retail sales in January, after adjustment for seasonal factors, were down about 1 percent. Sales by durable goods stores increased 2 percent during the month and were 12 percent above January 1952. With the introduction of new models in late 1952 and early 1953, sales by the automotive group increased, and in January were 3 percent higher than December and 25 percent above a year earlier.

Sales of many other consumer durable goods also rose. Sales by nondurable goods stores dropped 3 percent in January, as most major groups reported declines. However, sales by these stores totaled 5 percent higher than January of a year earlier. Gains over the year were generally distributed, but were largest (about 14 percent) for apparel stores.

Consumer credit outstanding at the end of January totaled about 23.7 billion dollars, a decline of about 1 percent from December but more than 3.6 billion above a year earlier. Total instalment credit outstanding rose slightly from the end of December to the end of January, largely because of increased automobile sale credit. Charge accounts declined as usual during the month, but other forms of noninstalment credit outstanding were slightly higher.

Investment Spending
Continues High

Business investment spending for new plant and equipment was planned for the first quarter at a record seasonally adjusted annual rate of 28.7 billion dollars. And prospective investment for the year as a whole is about as large as for 1952.

Construction activity during January was at a high level. Although down seasonally, the value of new construction put in place was 6 percent above January 1952. The gain from a year ago reflected substantial increases in private residential building, private commercial building and some types of public construction. Nonfarm residential housing starts were down seasonally in January but were at an annual rate of 1,157,000 compared with 1,237,000 units in December after adjustment for seasonal differences. More than 1.1 million units were started during 1952 and the outlook for building this year, as reported by the Bureau of Labor Statistics and the Department of Commerce, indicates a continued large volume of residential construction.

Business inventories were built up at an annual rate of 6 billion dollars in the last half of 1952. A pick up in consumer buying stimulated demand for larger operating stocks. In addition, there was considerable rebuilding of stocks of durable goods depleted during the steel strike. Total business inventories at the end of the year were valued at about 75 billion dollars, up 3 percent from last summer but only slightly larger than a year earlier.

Output and Employment

High incomes and an active market for consumer goods, for new plant and equipment and for defense materials are supporting output at new postwar highs. Industrial production in January was up 2 points from December to 237 percent of the 1935-39 average. Output of industrial products has risen slowly since November following the rapid rise from the low in July when the steel strike restricted output in several industries. The dollar volume of construction outlays in January 1953 was record-high for the month.

Durable Goods
Up Slightly

The further rise in output of the automobile and related industries was a major development during January. Output of cars and trucks increased about 8 percent from December to January when it was more than 50 percent greater than January 1952. Passenger car output for the month totaled about 466,000 units. Automobile sales have been good in recent weeks and weekly production data indicate a continued large output in February. Steel mills were operating near capacity levels in January and early February with output in January about 8 percent above a year earlier. Demand for steel is strong for use in automobiles, other consumer durables and defense materials. Production of major household durable goods in January was 5 percent higher than December, and up about one-third from a year earlier.

Production of nondurable goods in January rose more than 1 percent from December as activity picked up in most major industry groups. Although textile output was up about 2 percent from the month before, it was substantially below the peak rates reached in the rapid expansion immediately following the Korean outbreak.

Manufacturers' sales and new orders both increased a little during December. But sales exceeded new orders and order backlogs declined, mostly in the durable-goods industries. Order backlogs of durable goods at the end of the year were 10 percent larger than a year earlier and still represented 5 1/2 to 6 months deliveries at current rates.

Employment at
Record for January

Employment dropped off seasonally from December by one million persons to a total of 60.5 million in January. Most of the decline in non-agricultural employment occurred in holiday employment in the trades and in reduced employment in the construction industry. Compared with a year ago, nonfarm employment in January was 1.5 million higher. Farm employment began the seasonal increase from the low of late December. With the termination of many temporary jobs following the holidays, the labor force was reduced by 500,000. The other half of the million-person drop in employment was reflected in a rise in unemployment from 1.4 to 1.9 million in January.

With hourly earnings in manufacturing rising--average hourly earnings in January were up about 5 percent from a year earlier--, and record levels of employment for this season of the year, income payments have risen to new highs. Wages were recently decontrolled and are expected to continue to rise gradually in the coming year. Prospects for a high rate of economic activity and further gains in hourly earnings point to record consumer incomes in the next few months.

COMMODITY PRICES

Although domestic demand and economic activity are at record levels, production of goods and services has expanded rapidly enough to result in fairly stable prices for most industrial products. Except for agricultural commodities, average prices at both wholesale and retail have held stable over the past 4 months. Wholesale prices of industrial products other than farm commodities and foods in mid-February were 112.8 percent of the 1947-49 average, about the same as the past several months and around one percent below a year earlier. Processed food prices in mid-February 1953 were off about 5 percent from August last year, but have been relatively steady since December. This was due primarily to a decrease of approximately 10 percent in wholesale prices of farm products over the period. Prices of farm products for the week ending February 17 averaged around 1 percent lower than the month before.

The sensitive index of 22 basic commodity prices was 89.5 (1947-49=100) in mid-February, up slightly from a month earlier. Small declines in average prices for foodstuffs and fats and oils were more than offset by higher prices for the other commodity groups. The 22-commodity index was down 13 percent from mid-February 1952, with all groups averaging lower. Losses ranged between 9 and 18 percent.

Table 1.- Indexes of wholesale and basic commodity prices, selected groups, February 17, 1953, with comparisons

(1947-49=100)

Group	Feb. 17 1953	Jan. 1953 1/	Feb. 1952 2/	February 17, 1953 percentage change from Jan. 1953 1/	February 17, 1953 percentage change from Feb. 1952 2/
22 Basic commodities					
All commodities	89.5	89.2	103.2	+ .3	- 13.3
Foodstuffs	85.9	86.9	94.9	- 1.2	- 9.5
Raw industrial	92.0	90.7	109.2	+ 1.4	- 15.8
Livestock and products	61.5	61.0	71.3	+ .8	- 13.7
Metals	109.0	106.4	128.3	+ 2.4	- 15.0
Textiles and fibers	90.3	88.4	102.2	+ 2.1	- 11.6
Fats and oils	57.2	58.6	69.4	- 2.4	- 17.6
Wholesale prices					
All commodities	109.5	109.9	112.5	- .4	- 2.7
Farm	98.5	99.8	107.8	- 1.3	- 8.6
Food, processed	105.2	105.5	109.5	- .3	- 3.9
All other than farm and food	112.8	112.9	114.2	- .1	- 1.2

1/ 22 Basic Commodity prices are for January 20, 1953.
2/ 22 Basic commodity prices are for February 19, 1952.

Consumer Prices Steady

The index of consumer prices has been relatively steady in the past six months, changing less than one-half of 1 percent in either direction. Although prices of farm products dropped about 9 percent from August to mid-January, retail food prices declined only 3 percent. Over this period the farmers' share of the consumers' food dollar decreased from 48 to 46 cents.

The Bureau of Labor Statistics consumer price index for goods and services purchased by urban families was revised to take effect January 1953. The new indexes were derived using revised weights, a new sample of items and a new sample of cities. In addition, items have been classified into new groups. The food group was off less than 1 percent in the month ending mid-January. Declines were fairly general but were largest for eggs, fruits, vegetables, milk, beef and veal, and poultry. Prices for apparel also declined over the month, but those for the "total housing" category (which includes rents, fuels, electricity and refrigeration, housefurnishings, and household operation), personal care, reading and recreation, and "other goods and services" remained fairly steady. Charges for rent, transportation, and medical care continued to move upward.

Decontrol of prices has resulted in price increases for a few commodities, particularly copper, cigarettes, rice and gasoline in some areas. Rents also are expected to increase.

Farm Product Prices Settle Further

Farm product prices eased further from January to mid-February under the impact of large supplies and a relatively small export demand for U. S. farm products. The index of prices received dropped 4 points to 263 percent of the 1910-14 average in mid-February, 9 percent below a year earlier. Prices for wheat and corn in mid-February continued below effective loan levels and cotton prices were near the loan rate. Corn and cotton continued to move under loan during the month. The deadline for 1952 crop wheat loan applications was on January 31.

Crop prices declined slightly on the average from January to mid-February as higher prices for cotton and oranges were more than offset by lower average prices for the grains, oil-bearing crops, potatoes and grapefruit. Hog prices increased as slaughter was reduced 13 percent from January and sheep and lamb prices also averaged higher. Under the impact of increased slaughter, prices for cattle and calves declined further in February. Meat animal prices, as a whole, averaged slightly higher but were nearly one fifth lower than February 1952. Dairy product prices declined more than usual for the month making the seventh consecutive month that the seasonally adjusted price index has declined. Substantial quantities of butter, cheese, and dry milk solids have been purchased to support prices. Poultry products declined less than usual for the month. A stronger world position for wool has contributed to some strengthening in domestic prices.

Table 2.- Group indexes of prices received by farmers, February 15, 1953 with comparisons

(1910-14 = 100)

Group	Feb. 15, 1953	Jan. 15, 1953	Feb. 15, 1952	February 15, 1953 percentage change from Jan. 15, 1953	February 15, 1953 percentage change from Feb. 15, 1952
Food grains	240	245	249	- 2	- 4
Feed grains and hay	206	214	230	- 4	- 10
Cotton	255	252	313	+ 1	- 19
Tobacco	424	419	436	+ 1	- 3
Oil-bearing crops	287	291	296	- 1	- 3
Fruit	209	208	168	(1/)	+ 24
Vegetables	264	289	281	- 9	- 6
Truck crops	237	237	217	0	+ 9
All crops	247	251	259	- 2	- 5
Meat animals	305	303	377	+ 1	- 19
Dairy products	286	296	317	- 3	- 10
Poultry and eggs	206	218	181	- 6	+ 14
Wool	290	287	310	+ 1	- 6
Livestock and products	277	281	317	- 1	- 13
All farm products	263	267	289	- 1	- 9

1/ Less than .5 percent increase.

PRICES PAID BY FARMERS

Prices paid by farmers for virtually all goods and services used in family living and production rose following the Korean outbreak to a peak in the spring of 1952. The parity index (prices paid including interest, taxes, and wage rates) in April and May 1952 was 14 percent above pre-Korea and by the end of the year had dropped about 3 percent. Prices paid for products used in farm production fell 6 percent from the spring to the end of the year due primarily to a 30 percent drop in prices of feeder and replacement livestock and a 2 to 3 percent decline in feed prices. Prices paid for nonagricultural products are currently at or near peak levels reached in the general rise following Korea.

Since prices paid by farmers rose less rapidly than prices received following Korea, the parity ratio increased from 97 to 113 in mid-February 1951 when farm prices were at a peak. But with relatively large price declines for farm products over the past two years, the parity ratio dropped to 94 in mid-February this year, the lowest since June 1941.

Table 3.- Indexes of prices received and paid by farmers and the parity ratio for selected dates

(1910-14=100)

Group	June 15, 1950	Feb. 15, 1951	May 15, 1952	Feb. 15, 1953
Prices received by farmers	247	313	293	263
Prices paid including interest, taxes and wage rates	254	276	289	280
Parity ratio	97	113	101	94

Prices of Farm Production Items

Prices paid for farm production items including interest, taxes and wage rates rose to a peak in the first quarter, about 15 percent above pre-Korea. Although few if any products were in short supply during the year, retail prices of manufactured products in general were steady to slightly higher. Increased supplies and substantially lower prices for feeder livestock and moderately lower prices for feed contributed to a decline of about 4 percent in average prices paid for farm production items from March to December 1952. Feed prices declined in January and February but not by enough to offset higher charges for interest, taxes, and wage rates; and prices paid for production items in mid-February averaged a little above December.

Feeder Livestock Prices Down Sharply

Prices for feeding and breeding stock in late 1950 and 1951 rose rapidly to unusually high levels relative to retail meat prices as farmers and ranchers rapidly expanded livestock production. Incomes were rising and demand for meat was strong. High prices for slaughter livestock, good ranges, and relatively large quantities of "soft corn" in 1951 which could not be stored, contributed to a firm market and relatively high prices for feeder and breeding livestock.

Falling prices for slaughter animals, large expansion in the livestock industry, and drought and poor ranges in many areas were largely responsible for a cut in feeder demand for livestock in 1952. Feeder cattle prices broke sharply in mid-1952 and, by mid-December, prices paid by farmers for feeder and replacement livestock were down 26 percent from a year earlier.

Table 4.- Indexes of prices paid by farmers for farm production items, June 1950 and percentage change to selected dates

Commodity group	June 15, 1950	Date of peak	Percentage change from June 15, 1950 to	
			Peak	Dec. 15, 1952
	(1910-14=100)		Percent	Percent
Farm production	247	Feb. 1952	+ 14	+ 7
Feed	212	Feb. 1952	+ 20	+ 16
Livestock	410	Apr. 1951	+ 29	- 21
Motor supplies	147	Dec. 1951	+ 7	+ 7
Motor vehicles	318	Feb. 1952	+ 13	+ 13
Farm machinery	273	Sept. 1952	+ 14	+ 14
Farm supplies	246	Dec. 1952	+ 17	+ 17
Fertilizer and lime	144	Sept. 1952	+ 9	+ 9
Building and fencing materials	306	Sept. 1952	+ 14	+ 14
Seed	229	May 1952	+ 17	+ 15
Interest	82	Jan. 1953	+ 27	+ 17
Taxes	296	Jan. 1953	+ 16	+ 10
Wage rates 1/	424	Jan. 1953	+ 21	+ 18
Production including interest, taxes and wage rates	263	Apr. 1952	+ 15	+ 10

1/ Seasonally adjusted.

Machinery and Equipment Prices Steady

Prices paid by farmers for machinery have averaged higher than the year before in each year since 1940. Farm machinery prices rose only slightly during 1952 but in the first half of 1952 averaged nearly 5 percent higher than a year earlier. Retail sales of tractors and farm implements in the fall of 1950 through the fall of 1952 were at record levels. Sales in 1951 were the highest of record, and 1952 probably was the second highest sales year. Record output of farm products and the continuous decline in farm labor have increased the need for power and labor-saving machinery.

Dealers' sales of tractors and farm implements in 1952 are estimated to be somewhat below 1951 and substantially lower in the October-December period as farmers returned to a more nearly normal seasonal pattern of buying. Lower prices for farm products in 1952 probably had some dampening effect on demand. But advance buying in late 1950 and 1951 probably was the main reason for the reduction in purchases of farm machinery and equipment in 1952.

Production of machinery and equipment during 1951 and in the first half of 1952 was at record levels. However, in the last half of 1952, production dropped sharply due primarily to extended work stoppages in steel plants, in farm machinery plants, and in plants producing parts. Many producers were also making model changes on tractors and harvesting machinery during this period. Output of tractors in 1952 was reported to be down about one-fourth from a year earlier with largest declines in the smaller type tractors. Production of the larger horse power tractors in 1952 was up from previous years. Output of equipment other than tractors continued at relatively high levels. With the cutback in production, dealers have worked off relatively large inventories of machinery and equipment and have adjusted ordering to normal demand.

Prices paid for fertilizer in 1952 were steady at levels about 9 percent above pre-Korea and 3 percent above 1951. Although data available on sales are fragmentary, there appears to have been some decline in pre-season purchases compared to a year ago. Supplies of fertilizer probably will increase in the 1952-53 season, possibly by a tenth or more.

Prices of motor vehicles in 1952 were about 5 percent above those of the preceding year. Production of both passenger cars and trucks was down in 1952 from the previous year, partly as a result of material controls and partly because of shortages resulting from the steel strike. Assemblies of both automobiles and trucks are expected to increase in 1953 and little upward pressure on prices is expected. Prices for farm supplies in 1952 were 7 percent above a year earlier, but those for motor supplies and building and fencing materials were up only slightly. Supplies of all of these items are expected to be ample in the coming year with no marked price rises indicated. Interest and tax charges per acre continue to rise. For this year, interest charges are 8 percent higher than in 1952, and tax charges are up about 5 percent from last year.

Farm wage rates in 1952 averaged 7 percent above 1951 and in mid-January this year they were up over 3 percent from January 1952. Good employment opportunities and high wages in nonagricultural industries have contributed to the rise in farm wage rates. Hourly earnings in manufacturing in mid-January 1952 were 5 percent above a year earlier. Nonagricultural employment, after adjustment for seasonal variation, is at record levels and there are few unemployed. Both farm and nonfarm wage rates probably will rise further during 1953.

Rural Living Costs Near Peak Levels

Prices paid for family living items purchased by farmers rose to a peak in mid-1952 but have since averaged slightly lower. Lower prices for food were largely responsible for the decline. Average prices for the other groups in the rural family living cost index have held relatively steady in recent months.

Although the relative income position of farmers declined somewhat in late 1952 with the rapid drop in farm product prices, there is little evidence of a cutback in rural retail buying. Rural sales of general merchandise in 1952 were only a little above 1951 but fourth quarter sales were up about 4 percent from a year earlier. Total sales of the two major mail-order companies in the last quarter of 1952 were up 8 percent from a year earlier and totaled about 5 percent higher for the year.

Table 5.- Indexes of prices paid by farmers for items used in family living, June 1950 and percentage change to selected dates

Commodity group	June 15, 1950	Date of peak	Percentage change from June 15, 1950 to: Peak	Dec. 15, 1952
	(1910-14 =100)		Percent	Percent
Family living	243	July 1952	+ 12	+ 11
Food and tobacco	238	June 1952	+ 16	+ 12
Clothing	275	December 1951	+ 13	+ 9
Autos and auto supplies	252	December 1952	+ 12	+ 12
Household operations	178	December 1952	+ 7	+ 7
Household furnishings	244	December 1951	+ 14	+ 13
Building materials, house	343	March 1951	+ 13	+ 11

FARM-RETAIL PRICE SPREADS

The farm value of the farm-produced foods in the market basket declined from an annual rate of \$364 in January 1952 to \$332 in January 1953. The \$32 reduction was partially offset by an increase of \$10 in charges for marketing these products, so that the retail cost declined about \$22--from \$746 to \$724. Expenditure for all foods per family is considerably more than the retail cost of farm foods in the market basket, which does not include imported foods, nonfarm foods such as fishery products, or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor allow for service charges on meals eaten in restaurants.

Table 6.- The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, January and December 1952, January 1953, annual averages 1951 and 1952

Year and month	Retail cost 2/	Farm value 3/	Marketing charges 4/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951 average ...	722	360	362	50
1952 average ...	740	353	386	48
1952 - Jan.	746	364	382	49
Dec.	731	331	400	45
1953 - Jan. 5/..	724	332	392	46

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39. 2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. 3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing. 4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes. 5/ Preliminary.

The farmer's share of the dollar that consumers spent for farm-produced foods was 46 cents in January 1953. During 1952 the farmer's share varied from 45 to 49 cents.

FARM INCOME

Farmer's cash receipts from marketings in February totaled approximately 2.0 billion dollars, 23 percent less than in January but about the same as in February a year ago. The decline from January was due mainly to seasonally smaller marketings, but was partly the result of fewer marketing days in February. Receipts from livestock and livestock products were about 1.2 billion dollars, 10 percent below the previous month and 9 percent less than in February 1952. Receipts from meat animals were down about 11 percent from January, reflecting smaller marketings of all types. Dairy receipts were 7 percent below January, with lower prices and smaller marketings of milk. Receipts from poultry and eggs were down about 13 percent from January, partly as a result of seasonally lower prices of eggs. Crop receipts in February totaled about 0.8 billion dollars, down about a third from January but 21 percent above a year ago. Receipts from nearly all major crops were substantially lower than in January, particularly cotton, tobacco, wheat, and corn.

Cash receipts from farm marketings in the first 2 months of 1953 totaled 4.6 billion dollars, or about the same as those in the corresponding period last year, as an increase of about 10 percent in the volume of sales was offset by lower average prices. Livestock receipts of 2.6 billion dollars were down 9 percent, largely because of lower prices. Cattle and calves, hogs, and sheep and lambs were each down between 10 and 15 percent. Dairy receipts were off 1 percent. And receipts from poultry were down about enough to offset some increase in receipts from eggs. Total crop receipts in the 2-month period were 2.0 billion dollars, or 13 percent more than last year. Most of this increase was accounted for by larger marketings of wheat and corn.

LIVESTOCK AND MEAT

Price declines beginning last spring have carried prices of all meat animals except hogs well below last year. Prices average at about the level of 3 years ago, before the Korean outbreak. The sharp downtrend in prices in the past year has largely reflected increased marketings of cattle, which have resulted in lower prices both for slaughter animals and for feeder and breeding stock.

The January 1 inventory of meat animals on farms indicates an outlook for a considerably larger production of beef and veal in 1953 than last year but a considerably reduced output of pork. The number of meat animals on farms on January 1 as measured by the BAE index was up 2 percent from January a year ago. The number of cattle and calves was a record 93.7 million, 5.9 million head more than in January 1952. The number of hogs was 14 percent below the previous January, reflecting chiefly the smaller fall pig crop and early marketing of 1952 spring pigs. The number of sheep and lambs also was down from a year earlier with the sharpest drop in numbers on feed.

Reductions in pork supply this year are expected to be a price strengthening influence. Unless dry weather and poor feed conditions force greatly increased marketings of cattle, there is a good chance of more stability in prices the rest of this year. Prices of hogs will likely average a little above last year. Prices of cattle and sheep, assuming average weather, seem likely to level out, with a small seasonal rise this spring for cattle to go on grass, and probably some recovery in prices of fed cattle when the biggest surge in marketings is over. However, so far this year dry weather has limited pastures in the Southwest and in the Southern part of the Great Plains. Continued or extended drought would have a depressing effect on prices.

On February 6 the Office of Price Stabilization revoked the remaining price controls and other regulations on livestock slaughter and sale of livestock and meat. Federal grading of beef, veal and lamb are no longer compulsory, but the service continues to be available on a voluntary basis.

DAIRY PRODUCTS

With the weather unusually favorable and feeding of concentrates to dairy cows continuing liberal, milk production increased to a new record annual rate in December of 123 billion pounds and was nearly as high in January. The December level was 8 percent above a year earlier and 3 percent above the previous record for that month reached twice before--in 1942 and 1944. The rate of milk production per cow in herds kept by crop correspondents on January 1 and February 1 was between 5 and 6 percent above that of a year earlier. The number of cows and heifers on farms January 1, 1953 was 3 percent larger than on January 1, 1952. Milk production is not likely to continue at the present record (seasonally adjusted) annual rate beyond the next several weeks. However, output for the year 1953 probably will exceed the 115.1 billion pounds produced in 1952.

Practically all areas of the Nation have had an increase in milk flow and with it has come a decline in dairy prices. Demand seems to have been maintained for all dairy products except butter. Prices for butter, cheddar cheese, and nonfat dry milk solids have been at the equivalents of support levels since late November last year and in January prices for fluid milk began a decline, part of which was seasonal. In most fluid markets, the proportion of milk receipts used for current consumption in fluid form is considerably below a year earlier and the blend price is somewhat below that of the same time in 1952. Consumption of fluid milk apparently is continuing near the year-ago level.

Except for canned milk which was the same, prices for manufactured dairy products are lower than a year earlier. Butter, which was a near-record last February, is down 21 percent and American cheese, 3 percent. The price paid by dealers for milk used in city distribution in early February was 2 percent below the record high for that month of a year earlier. At retail the average price of milk delivered to homes in February was 23.3 cents per quart compared with 23.1 cents a year earlier.

By March 1, in the marketing year which began April 1, 1952, the Department had acquired 91 million pounds of butter, 30 million pounds of cheddar cheese and 124 million pounds of nonfat dry milk solids.

On February 27 the Secretary of Agriculture announced that support of prices on milk and butterfat at 90 percent of parity will be continued for another year, beginning April 1. The actual prices at which the Department will buy dairy products, however, will be slightly lower, due to the decline from a year ago in the parity index--butter prices will be about 2 cents per pound lower. The lifting of price controls from dairy products by the Office of Price Stabilization in February will have no noticeable effect on average retail prices since milk production is increasing and milk prices are declining seasonally.

POULTRY AND EGGS

Egg production in the next month or two will rise seasonally but will be below last year. The 4 percent reduction from last year in the number of potential layers on farms February 1 will hold egg production during the spring below the levels of a year ago. With prospects for continued strong demand from breakers and consumers, egg prices through the first 6 months of 1953 are likely to be higher than a year earlier.

Farmers' February intentions were to raise 4 percent fewer chickens than the year before, for laying flock replacement. However, mid-February egg and feed prices were more favorable to poultrymen than a year earlier. Although below average, the egg-feed price ratio was 30 percent above a year earlier. In the past, a marked improvement in the ratio usually has been accompanied by an increase in the number of chickens farmers raise.

Production of broilers, in the first few months of 1953, will exceed 1952 but output during the second quarter is likely to be below last year. The reduction is anticipated because farmers are not likely to increase broiler chick placements in February and March as high as in those months last year. As a consequence, broiler prices are expected to be steadier than in the first half of last year.

Turkey growers' January intentions were to raise 23 percent fewer small turkeys in 1953 than in 1952, and 3 percent fewer large turkeys. In recent years, farmers usually have raised more turkeys than their February intentions indicated. The Department of Agriculture bought 6 percent (by weight) of the 1952 turkey crop under its surplus removal program, confining its purchases mostly to large turkeys. If the decline in the production of large turkeys is no greater than indicated by the intentions, the resulting 1953 supply of large turkeys will exceed the supply of large turkeys remaining in 1952 after the USDA purchases.

FATS, OILS AND OILSEEDS

Prices of edible vegetable oils in February averaged about the same as the month before. The price of lard, on the other hand, increased sharply from last month but was still comparatively low. Large supplies of lard have depressed prices so far this crop year but with a substantial drop in slaughter expected during the rest of the year, prices probably will continue to move upward. Total disappearance of lard in October-December 1952 was 4 percent less than the year before, with a drop in exports more than offsetting an increase in domestic use. However, exports still were relatively high, totaling 134 million pounds in October-December 1952. Tenders of 1952 crop cottonseed oil to CCC through February 15 totaled 568 million pounds, nearly 35 percent of the expected output in the crop year. CCC will acquire additional quantities of cottonseed oil before March 30, the last day on which tenders may be made. Total supplies of edible vegetable oils are at record levels but are mostly owned by CCC. Later in the crop year, prices may rise toward the CCC selling level as production declines seasonally and total disappearance exceeds current output.

Prices of soybeans and flaxseed declined substantially during the early part of February but have since recovered all the loss. Prices may rise later in the season. Some increase in the value of soybean products is expected. Also, exports of soybeans have been at a record level (soybeans inspected for export from October 1952 through the second week of February 1953 totaled about 18.5 million bushels compared with exports of 17 million bushels for the entire 1951-52 crop year). If exports continue large, the quantity available for crushing may be no greater than last year, despite a bigger crop.

Prices for flaxseed are well below support and to some extent may reflect marketings of flaxseed by dealers as well as the fact that the January 31 deadline for placing flaxseed under support has passed. Producers placed 3.5 million bushels of 1952 crop flaxseed under support programs through January 15, 1953. It is not likely that any substantial quantity of seed will be redeemed.

CORN AND OTHER FEED

Prices of feed grains declined in late January and early February, reaching the lowest level for the current season. The mid-February index of prices received for feed grains was 4 percent lower than in January and 12 percent lower than a year earlier. Prices of many of the byproduct feeds also are somewhat lower than a year earlier, although some of the high-protein feeds which are in comparatively short supply continue at the ceilings. Prices of soybean meal, tankage, and meat scraps have been relatively lower than most other high-protein feeds this winter, with fewer hogs and chickens on farms contributing to the weakness. The larger supplies of feed grains in the Corn Belt, mild weather this winter, and lower livestock prices have all contributed to the general weakness in feed prices.

The average price received by farmers for corn has been below the national average price support since October. By mid-January farmers had placed about 170 million bushels of corn under price support, a much larger quantity than in either of the past 2 years. The Commodity Credit Corporation owned about 270 million bushels, making a mid-January total of about 440 million bushels under the price support program. Farmers have until the end of May to place 1952 corn under loan, and further increases in the quantity of corn under price support will give strength to corn prices later in the season.

January 1 stocks of feed grains per animal unit were 15 percent larger than a year earlier. The number of grain-consuming animal units to be fed during 1952-53 is estimated at 163 million, on the basis of January 1 livestock numbers, 3 percent smaller than last year. Total utilization of feed grains during the remainder of 1952-53 season probably will be a little smaller than in that period last year. This would leave a somewhat larger carry-over at the close of the 1952-53 season than the 20 million tons on hand at the beginning.

WHEAT

The large quantities of wheat placed under current support programs have reduced the supply of wheat available for sale, and as a result cash prices are expected to rise above current levels during the next few months. About 375 million bushels were under support on January 15, and farmers had until January 31 to apply for loans, so that the total for the year may exceed the 408 million-bushel record in 1942. It is to be expected that almost all of this will be delivered to CCC. Inventories acquired from crops prior to 1952 totaled 125 million bushels on February 5, and probably will be reduced only moderately during the remainder of the marketing year. Because of the large quantity expected to be owned by CCC next July, supplies of "free" wheat in the carry-over are likely to be small.

Exports, including products, in July-February totaled about 217 million bushels. Exports for the 1952-53 marketing year are still expected to total about 325 million bushels, substantially below the 475 million in 1951-52.

Wheat supplies for the 1952-53 marketing year are estimated at about 1,570 million bushels, consisting of a crop of 1,291 million, a carry-over of 256 million and imports of about 25 million (imports in July-December totaled 18 million). Domestic disappearance may total between 670 million and 685 million bushels. If exports are 325 million, the carry-over on July 1, 1953 would total between 560 million and 575 million bushels. On the basis of past experience, stocks of 450 to 500 million bushels would, in addition to maintaining working stocks, provide adequate protection against the effects of one year of very low yields and one year of moderately low yields in sequence.

Winter wheat prospects in February continued uncertain. Mild weather in January and early February stimulated germination and growth of late-seeded wheat, and aided root development of earlier germinated wheat. However, lack of surface and subsoil moisture associated with high winds and dust storms in February was a test of survival for the small plant growth over a large portion of the southern Great Plains. In most of that area the wheat depends more than usual on spring moisture to survive. Because of high winds farmers in the central and southern Great Plains areas have been working their fields to forestall damage from soil blowing, to which the young plants are extremely susceptible. During most of the winter, snow cover has been light or lacking over much of the important wheat producing area.

FRUIT

Prices that growers will receive for apples, oranges, and grapefruit, probably will average higher in March and April than in February, while prices for pears may not change much and those for lemons may decline. Except for lemons, prices for these fruits are expected to continue higher than a year ago.

Although total United States stocks of apples in cold storage January 31, 1953 were about 5 percent smaller than those of a year earlier, stocks in Western States were much larger while those in Eastern States were considerably smaller. In mid-February 1953, prices for McIntosh apples at shipping points in New York were considerably higher than a year earlier. But prices for Delicious apples in Washington were substantially lower than the relatively high prices of a year earlier. Because of the relatively small stocks, some further rise in prices for good quality Eastern apples is expected this winter. On the other hand, prices for the remaining relatively large stocks of Western apples may not change much. New York auction prices for pears, now mostly D'Anjous from the Western States, averaged moderately higher in mid-February than a year previously. With cold storage stocks January 31, 1953, about 45 percent larger than a year earlier but 13 percent smaller than the 1948-52 average, auction prices this winter may not change greatly from recent levels.

Utilization of oranges and grapefruit through February 21 of this season has been considerably heavier than in the same part of the 1951-52 season. Practically all of the increase has gone to canners and freezers. With production of oranges about the same as in 1951-52, and that of grapefruit moderately smaller, remaining supplies, particularly Florida citrus, are considerably smaller than a year ago. Auction prices for both Florida and California oranges advanced in late January and early February. For Florida oranges strong demand from processors gave impetus to rising prices. Florida output of frozen orange concentrate by mid-February was about two-thirds larger than a year earlier. Further small increases in prices of Florida oranges are expected, and prices for California oranges probably will rise further above the relatively low levels of late January. Auction prices for Florida grapefruit, which declined moderately in late January and early February under the weight of heavy marketings, probably will advance in March and April.

The Florida winter crop of strawberries, now being shipped for fresh market use, is somewhat larger than a year ago. Total acreage for harvest in the early spring of 1953 is expected to be about two-fifths larger than a year earlier, largely because of a sharp increase in Louisiana where the 1952 acreage was considerably below average. Cold-storage holdings of frozen strawberries on January 31, 1953 were about 6 percent larger than on that date in 1952. Total holdings of frozen deciduous fruits and berries (excluding juices) were about 15 percent smaller.

COMMERCIAL VEGETABLES

For Fresh Market

According to early February indications, total supply of vegetables available for fresh market through the first quarter of 1953 will be 7 percent larger than a year earlier. Although demand is continuing strong, somewhat lower prices than a year earlier will generally prevail because of the increased supplies.

As usual, relative supplies vary widely between crops. Most extreme changes from a year ago are the 24 percent decline in supplies of winter shallots, on the one hand, and 40 percent increase in supply of winter beets. Changes of smaller percentages, but more important in terms of tonnage, are the increases for cabbage, lettuce and carrots, and the decreases for tomatoes, celery, snap beans, escarole, broccoli and spinach. Little or no changes from last winter are indicated in tonnage for the other truck crops reported.

The goals, announced on February 19, call for an increase of 1 percent in the acreage of summer vegetables for fresh market, a decrease of 2 percent for fall vegetables, and a decrease of 1 percent for vegetables for commercial processing.

For Commercial Processing

Stocks of commercially canned vegetables are generally adequate to meet demand at little change in price till the 1953 packs become available. Storage stocks of commercially frozen vegetables are record large, but there has been little or no indication so far that they are too large for the expanding industry.

A comparison of current stocks of individual canned vegetable items with those of a year earlier apparently is one of the major factors considered by canners in planning their scale of operations in the coming pack season. Such a comparison based on the January 1 combined canner and wholesale distributor stocks, shows holdings of canned snap beans, green peas, and beets to be substantially smaller than a year earlier, but those of canned corn, tomatoes, carrots, pumpkin and squash, and sweetpotatoes (distributors' stocks only) to be considerably larger. Available data indicates that stocks of most canned tomato products on January 1 were larger than a year earlier. These comparisons indicate that those crops for which canners are most likely to seek an increased tonnage in 1953 include snap beans and beets while the opposite is probably true for sweet corn. Consumption of frozen vegetables as a whole probably will continue to gain ground in 1953, relative to both fresh and canned.

POTATOES

The 21 percent larger carry-over of old crop potatoes January 1 this year compared to a year earlier has been followed by larger commercial supplies from the 1953 winter crop areas in Texas and Florida. Early reports also indicate substantially increased acreages of commercial potaotes for spring and summer harvest. Furthermore, growers reported their 1953 planting intentions along with their January 1 stocks. These reports indicated a 4 percent increase in the late and intermediate States. Assuming such acreages are planted, and that yields are equal to the recent 3-year average, much larger supplies would be available for 1953 and early 1954 than were available a year earlier. Prices for potatoes at most country shipping points and in terminal markets were dropping in late January and early February and by mid-February were substantially below the abnormally high prices of a year ago. Unless supply prospects change materially, much lower prices are probable for the 1953 potato crop than were received for the 1952 crop.

COTTON

After a steady decline during the first 5 1/2 months of the 1952-53 crop year, cotton prices have leveled off at about 32 1/2 to 33 cents a pound. The low point so far this season was reached on January 12 when the average 10 spot market price for Middling 15/16 inch cotton was 31.71 cents per pound. On February 27 this price was 32.97 cents. Farm prices showed a parallel movement. The average price received by farmers for upland cotton declined from 39.11 cents per pound in mid-September to 29.79 cents in mid-January. In mid-February this price was 30.19 cents, 89 percent of parity.

Entries into the CCC loan program were at the rate of 100 thousand bales or more per week from December 1 through January. Since then the rate on entries has declined and for the week ending February 20 amounted to about 59 thousand bales. On February 20, 1,805 thousand bales were covered by outstanding CCC loans compared with 413 thousand bales on approximately the same date last year.

Domestic consumption of cotton during January averaged 36.5 thousand bales per day. This is about 1 percent below the rate in December and reflects a contraseasonal decline from December 1952.

Exports of cotton from August through December 1952 amounted to 1,447 thousand bales. During the same period in 1951 2,873 thousand bales were exported. Exports during the next few months of the 1952-53 crop year are expected to increase above the monthly rate of exports prevailing during the early part of the season.

The Mutual Security Agency had allocated by February 11, 166.8 million dollars to foreign countries for the purchase of U. S. cotton during the 1952-53 marketing year. These funds, together with Export-Import Bank loans of about 40 million dollars issued last season, but which will be utilized this season, will probably finance about 1.1 million bales of cotton exports. Last season about 1.2 million bales of cotton exports were financed from these two sources.

On February 26, it was announced that the minimum level of price support for 1953-crop upland cotton would be 30.8 cents per pound for Middling 7/8 inch cotton at average location. This compares to 30.91 cents for 1952-crop upland cotton. This price is 90 percent of the January 15 parity price. In the event that the parity price in effect on August 1 (July 15 parity price) is higher than the January 15 parity price, the support price will be revised upward. It was also announced that the minimum average support price for extra-long staple, 1953-crop cotton will be 73.92 cents per pound.

WOOL

Slowly increasing consumption and rising prices despite some increase in supplies are the main developments in the world wool situation over the last several months.

World wool consumption has trended slowly upward since the third quarter of 1951, when it reached the low of a sharp decline. Increases have occurred in most of the major consuming countries. In late 1952, consumption was an

annual rate about one-tenth above that of a year earlier, but well below the record rate of 1950, and still slightly below estimated world production.

Consumption of apparel wool in the United States reached a low point in the first quarter of 1952 but has increased slowly since. Total consumption for 1952 was about one-tenth below that of 1951 and about one-fifth below that of 1950. The decline from 1950 to 1951 reflected a drop in excess of 40 percent in civilian use while military use increased several fold. The decline during 1952 was due to the fact that military use of apparel wool declined more than civilian use increased. Imports probably were equivalent to almost three-fourths of consumption in 1952.

The rate of consumption of carpet wool also has been increasing since the post World War II low was reached in the summer of 1951. Total use last year, all of which was imported, was more than one-tenth above 1951 but about two-fifths below 1950.

With strengthened demand and increasing world consumption, prices of wool abroad have trended upward since last March, except for temporary interruptions. In early February, prices in Australia ranged from 25 to 35 percent above the low levels of last March. Boston quotations for domestic wools have reflected, to some extent, the advance abroad. Although the increases since last spring have been somewhat less than those in British Dominion markets, the net change since pre-Korea has been about the same. Quotations at Boston in late February for fine and half-blood wools generally were above CCC loan values and for coarser wools at or near loan values.

Mill stocks of raw wool in the United States and other major consuming countries are lower than usual relative to the rate of consumption. Inventories in manufacturing and distribution channels also are lower than usual. Thus any further increase in mill activity would tend to support the rising trend in wool prices. On the other hand, the world supply of wool this season is somewhat larger than in 1951-52, reflecting increases in both carry-over and production. Furthermore, stocks of wool in South America, though they have been reduced during the last several months, are still large enough to prevent wool prices from moving much higher.

Prospects for the 1953 wool clip in the United States indicate that prices to growers probably will not average much higher than those for the 1952 clip. It has been announced that 1953 production will be supported at 90 percent of the March 15 parity price. The average price received by growers for shorn wool during the marketing year April 1952-March 1953 has been estimated at 53.3 cents per pound, grease basis.

TOBACCO

All of the 1952 Burley crop was marketed by mid-February and the season average price at 50.2 cents per pound was 1 cent lower than the 1951 crop average. Marketings exceeded those of any previous season. The 1952-53 total supply is now estimated at over 1,700 million pounds, 7 percent above the 1951-52 level. The 1953 Burley acreage allotment calls for a 10 percent reduction on most farms but with special provisions applying to very small allotments.

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Virginia fire-cured (type 21) auctions have closed and the season average price was 35.4 cents per pound--10 percent less than the record high of the preceding season. Through late February, the Kentucky-Tennessee fire-cured (types 22 and 23) averaged 39.2 and 35.0 cents per pound, respectively. Type 22 was a little below and type 23 was a little above a year earlier. Kentucky-Tennessee dark air-cured auction sales have been completed and One Sucker (type 35) and Green River (type 36) averaged 32.2 and 30.2 cents per pound--6 and 11 percent, respectively, below the record 1951 averages.

The 1953 price support levels for flue-cured and Burley are likely to be a little lower than for 1952. In each case, the adjusted base price from which the 1953 parities are computed is lower than last year's. Also, the parity index (prices paid by farmers including interest, taxes, and wage rates) in February was 3 percent below a year ago. The 1953 fire-cured and dark air-cured support levels are computed at 75 and 66 2/3 percent, respectively, of the Burley loan level.

Tobacco exports in 1952 totaled 395 million pounds--24 percent below 1951 and the lowest since 1944. The major drop was in flue-cured going to the United Kingdom.

Cigarette manufacture in 1952 totaled a record 435 1/2 billion--nearly 4 percent above 1951. A high level of cigarette consumption is expected to continue in 1953. With removal of ceiling prices on February 25, leading cigarette manufacturers' prices (excluding tax and discounts) were advanced nearly 10 percent. The 1952 tax-paid withdrawals of cigars are indicated at close to 6 billion--a 4 percent gain over 1951. Ceilings on cigar prices were suspended last August. Snuff consumption at 39 million pounds was practically the same in each of the last 2 years, but consumption of smoking and chewing tobacco combined at 176 million pounds in 1952 was down 4 percent from 1951. Price ceilings have been removed on all tobacco products.